ILLINOIS BUSINESS REVIEW

A MONTHLY SUMMARY OF BUSINESS CONDITIONS FOR ILLINOIS

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HIGHLIGHTS OF BUSINESS IN DECEMBER

The performance of the nation's business in December did little to shake the confidence of the optimists who predict a banner year in 1957, although some signs of weakness led a few to qualify their forecasts. Department store sales, after getting off to a slow start, finished the Christmas season with a rush that carried the seasonally adjusted total for the month approximately to the record reached the previous month. Industrial output, with allowance for time lost during the holidays and for other seasonal factors, probably approximated the level reached in November, which was 47 percent above the 1947-49 average. Steel mills continued to operate at capacity levels.

However, the 596,000 passenger cars produced in December fell considerably short of the volume scheduled by the industry. Sales were also weaker than expected. A rise of nearly 300,000 in inventories from the October low, despite below-normal output in November and December, indicated that deliveries to customers were well below the predicted level. Sales of TV sets were also below expectations, with the result that inventories are the highest in the industry's history.

1956 in Review

For the economy as a whole 1956 was a record year. The gross national product of about $411 billion was 5 percent above 1955, the previous high. A little over half of this represented price increases rather than expansion of real output. Industrial production was up about 3 percent, ranging from 41 to 47 percent above the 1947-49 average after seasonal adjustment, except for the month of the steel strike. Farm income was up 5 percent from the 1955 level, with crop production the third greatest in history. Employment exceeded 66 million in five months of the year, a new high, and unemployment stayed between 2 million and 3 million.

New plant and equipment expenditures amounting to some $35 billion, 22 percent above the previous high of 1955, were a major factor in the boom. The record $44 billion of new construction in part reflected the high level of business investment, as did the 115 million tons of steel produced and the high volume of machine tool shipments. Manufacturers' inventories rose about $5 billion in book value during the year. Retail sales of $192 billion were about 4 percent above the 1955 record level. Government purchases of goods and services ran about $3 billion above the previous year and net foreign investment nearly $2 billion.

Several elements of weakness in the business situation dampened the optimism of some analysts. Physical volume of production was down in some important categories such as automobiles, where output fell from 7.9 million units in 1955 to 5.8 million. Housing starts were off about 200,000 from the 1,300,000 units constructed the previous year. Corporate profits were declining most of the year.

An increase of more than $3 billion in consumer credit helped to raise the total of consumer expenditures by about 4 percent, but price increases averaging 2 percent at retail reduced the real gain to 2 percent. Consumer and other heavy demands for credit brought on the tightest money market in more than two decades. The tight money market reflected in large part government policy designed to restrain the boom, in the hope of keeping it going longer; but more importantly this credit stringency is characteristic of the high financial requirements at the crest of the boom, and it could have been prevented only by a deliberate effort to expand the monetary supply.

Survey of Monetary and Fiscal Policies

A broad survey of Federal Reserve Board monetary and government fiscal policies seems certain to get under way in the near future. Reports indicate that President Eisenhower will recommend to Congress that such an investigation be conducted.

Pressure for a major study in this area has come from several sources. Rep. Wright Patman, Chairman of the Joint Economic Committee, has introduced a resolution in the House calling for an investigation of Federal Reserve policy by the House Banking Committee, and an advisory panel of 27 financial leaders assisting the Senate Banking Committee in a survey of banking statutes has proposed that Congress authorize a bipartisan survey of fiscal and monetary institutions and policies.

These and other proposals for the appointment of an investigatory commission have arisen out of the controversy over the tight money policy of the Federal Reserve System. Some proponents favor restrictions upon the independence of the System; others would like to see its independence reinforced and its control extended over certain other financial institutions. Some contemplate a survey which would cover a variety of other topics, including government lending and taxing policies.

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Assuming Prosperity for Consumers

A review of year-end forecasts indicates that they are almost unanimously based on a common assumption, that activity and incomes will continue to rise. The expert on construction, the auto industry analyst, the farm outlook specialist, and the money and credit forecaster — all tacitly agree on this basis for their own projections. Each rests upon the work of the others, apparently without recognizing that the net result of this procedure can only be what was assumed in the first place.

Nowhere is this practice more common than in projecting consumption expenditures. Some dismiss this subject with the statement that the same trend will prevail in 1957 as in 1956. Others state that with incomes, prices, and population continuing up, consumer expenditures are bound to add another $15 billion or so to gross national product in 1957. But of the three "trends" taken as given, only the last and least important, that is, the population increase, can be considered secure.

Will Consumer Incomes Rise?

The relatively pessimistic forecast given here last month was derived after starting from relatively optimistic assumptions about key factors, more or less in line with the consensus. These were modified in the course of the analysis because they did not stand up when considered in the light of the over-all pattern that developed.

A very important difference in results develops from an analysis in terms of quarterly rather than annual data. Some propositions that look reasonable on an annual basis look different when the movement within the year is considered. Thus, it may not seem unreasonable to assume nonfarm inventory accumulation in 1957 at something like the moderate rate of $2.4 billion experienced in the third quarter of 1956. But the rate in the fourth quarter of 1956 was fully twice as high, and to get down to the lower annual average means a decline all the way to zero by the year end.

Similarly, assuming a continuation of the general advance, an increase of 5 to 10 percent in business capital expenditures for the year as a whole may be considered reasonable. If price increases are allowed for, this means only a small increase in volume over the 1956 average, which is already high enough to provide for a substantial rate of growth in total output. But the first quarter of 1957 is expected to be well above the 1956 average, in real as well as value terms, so that some decline is necessary through the rest of the year to average down from the first quarter. This decline might be almost as rapid as the advance during 1956.

On this basis, the pattern of activity, excluding services, is down, not up; and at this point it is necessary to go back and reconsider. It now appears that the sights have to be lowered on the annual estimates originally adopted for key components, since they were based on expectations of continued advance. This in turn means that the decline within the year will be more rapid. So the whole structure of the initial projection, except for government expenditures, falls apart.

Some forecasters arrive at higher consumer income by projecting "trends" of employment and wage rates upward through 1957. This, however, is merely another way of assuming the answer. Employment in any reasonable pattern of analysis is dependent on the demand for output; there may be some lag effects, but these are relatively unimportant in sustaining the "trend." Hourly wage rates more definitely lag at the turns, so that they may reasonably be projected upward through the early part of 1957 and held high later, in a pattern like that of fiscal 1954. But increases in rates may readily be offset by falling employment and reduced working hours, and they can hardly assure an increase in aggregate income.

Despite higher wage rates, therefore, consumer income may fall rather than advance. If it falls, the upward projections of consumer expenditures are untenable. Rising population would tend to moderate the effects of falling income on expenditures for nondurable goods and services, but the income effects are more important even for these categories, so that the most reasonable projection of such expenditures would be a lagging turn in line with income.

How About Prices?

Part of the upward push in consumer expenditures to current levels has been due to price increases. In fact, practically all of the advance in seasonally adjusted rates of spending from the first to the last quarter of 1956 derived from price changes.

At the moment, the continuing influence of this factor is confined to services. Rates on medical and personal care, reading and recreation, and rents are still advancing. There is, however, nothing inevitable about this movement. There tend to be lag effects — as in the case of wage rates — but these do not ensure ever higher returns to doctors, barbers, theater operators, and landlords.

Commodity prices have generally stopped moving up. Food and other nondurables show comparative stability at high levels. Durables have tended to weaken. Toys and consumer household goods were sacrificed to some extent in Christmas sales; autos, after the big new model push, are beginning to show the effects of discounting. A similar change is apparent in wholesale markets. Some of the leaders in the price upsurge — such as copper, paper, and lumber — are already down or hard put to hold their own. The area of continuing advances has narrowed to such lines as steel, concrete, and machinery.

During most of 1956, in contrast to the early postwar period, business concerns passed on cost increases without restraint. Apparently insatiable demands seemed to justify such action. Now, over an increasing range of

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MANUFACTURING IN ILLINOIS

In Illinois, manufacturing products range over almost the entire list of consumer and industrial goods. The State is the nation's foremost manufacturer of electrical machinery, food products, and fabricated metal products. It is second in the manufacture of nonelectrical machinery and in printing and publishing. In addition, it is important in many other industries, such as furniture, primary metal products, instruments, apparel, and chemicals.

Postwar Industrial Growth

In terms of value added by manufacture — that is, the total value of manufactured products less the cost of materials going into them — Illinois is the nation's fourth leading industrial state. It is surpassed only by New York, Ohio, and Pennsylvania. In 1954 the value added was $9.6 billion, as compared with $6.7 billion for 1947, an increase of 44 percent. During the same period, the number of manufacturing establishments increased from 15,988 to 17,714.

Illinois, with only 7 percent of the nation's total manufacturing labor force, accounts for nearly 9 percent of the nation's total industrial output. In 1955 manufacturing employment exceeded 1.2 million with an annual payroll of $5.9 billion. The 44 percent increase in value added from 1947 to 1954 was accomplished with a 2 percent decrease in manufacturing employment, according to the *Preliminary Report of the 1954 Census of Manufactures.*

As the center of population of the United States, Illinois is the central distributing point for the nation's consumer goods. However, outside of chemicals, paper products, printing and publishing, and rubber products, industrial expansion in Illinois during the past decade has been primarily in the producers' durable goods industries; consumer goods industries have declined or shown little growth. In general, such industries as transportation equipment, instruments, electrical and other machinery, metal products, and primary metals have expanded the most in Illinois since 1947.

Leading Industries

The manufacture of nonelectrical machinery is the most important industry in Illinois, with some 2,400 plants and factories located within the State. Employment has more than doubled since 1939, and the industry currently employs 214,000 workers, over one-sixth of all employees engaged in manufacturing. Value added has increased 51 percent since 1947 and amounted to $1.7 billion in 1954, the highest for any single industry. Construction and farm machinery, metal working, and general industrial machinery are the major types produced.

Next in importance are the electrical machinery and food processing industries. The electrical machinery industry, with a value added of more than $1 billion in 1954, showed an increase of 51 percent over 1947. It has 157,000 employees, the second largest number of workers in Illinois, and more than three times as many as in 1939.

Food processing is second in importance as measured by value added. This amounted to $1.3 billion in 1954, an increase of 29 percent over 1947. Employment, however, has been declining since 1947 when approximately 154,600 persons were employed. The decline, due largely to the dispersion of slaughtering activities to other states by the meat-packing industry, has been partially offset by the growth of soybean processing and animal feeds. Even so, the industry still employs an average of over 139,000 persons, the third largest industrial employment in Illinois.

Other major manufacturing industries, in their order of importance in terms of value added, are fabricated metal products; primary metals; printing and publishing; chemicals; transportation equipment; stone, clay, and glass; instruments; apparel; paper products; and petroleum and coal products.

Distribution of Industry

The greatest amount of industrial expansion in Illinois has taken place within the Chicago Metropolitan Area, but its rate of expansion was a little below the average for the State. Value added by manufacture totaled $6.9 billion in 1954, an increase of nearly 40 percent over 1947. Whereas the number of manufacturing establishments increased from 12,000 to 13,151, the number of employees decreased by nearly 10,000 over the same period.

In addition to Chicago, there are seven other outstanding centers of industry in Illinois. Five have shown large increases in value added by manufacturing from 1947 to 1954: the East St. Louis area, with an increase of 50 percent; Rockford, 68 percent; Rock Island-Moline, 65 percent; LaSalle-Peru-Oglesby, 63 percent; and Springfield, 102 percent. The other two are Peoria-Pekin and Decatur. These eight industrial areas account for 90 percent of the State's industrial employment.

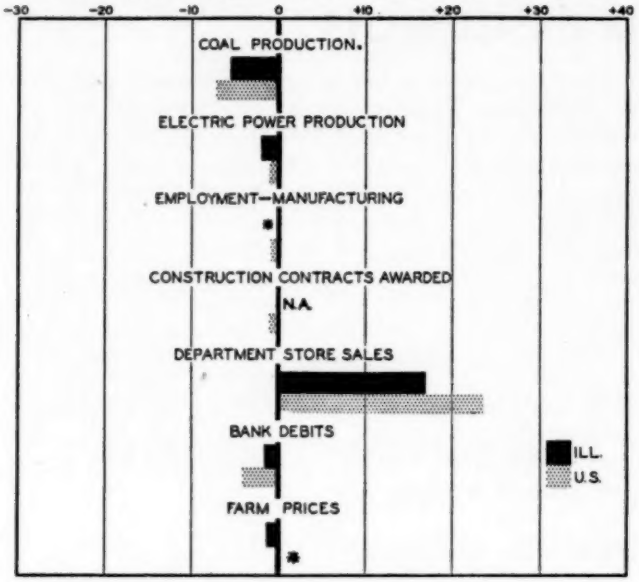
In recent years there has been a decided change in the pattern of industrial development. Though the Chicago area is expanding rapidly, many industries have left the city proper to go into outlying areas in order to find suitable sites and locations. It has been estimated that there are six million square feet of vacant industrial floor space in Chicago. Many new plants have located in outlying areas, principally along railways, waterways, and arterial highways.

There has been a concentration of industrial districts in the suburban areas of larger cities as well as a scattering of small industrial groups and establishments in residential and business areas. Many industries have followed the railways westward to the Rockford area, which has become the most highly industrialized area in the State, with over one-half of its employees engaged in manufacturing industries. Others have gone to the Springfield, East St. Louis, Rock Island-Moline, and other areas which offer attractions in lower wages, better traffic conditions, or community facilities and services.

STATISTICAL SUMMARY OF BUSINESS ACTIVITY

SELECTED INDICATORS

Percentage changes October, 1956, to November, 1956



N.A. Not available. * No change.

ILLINOIS BUSINESS INDEXES

Item	Nov. 1956 (1947-49 =100)	Percentage Change from Oct. 1956	Percentage Change from Nov. 1955
Electric power[1]	213.4	−2.1	+ 2.6
Coal production[2]	88.7	−5.6	+ 0.8
Employment—manufacturing[3]	108.4	−0.0	− 0.7
Weekly earnings—manufacturing[3]	153.5[a]	−0.4	+ 2.9
Dept. store sales in Chicago[4]	123.0[b]	+7.0	+10.8
Consumer prices in Chicago[5]	121.0	−0.1	+ 1.6
Construction contracts awarded[6]	n.a.	.....	.....
Bank debits[7]	175.6	−1.7	+10.6
Farm prices[8]	78.0	−1.3	+ 9.9
Life insurance sales (ordinary)[9]	269.5	+8.1	+35.0
Petroleum production[10]	130.6	−2.6	+ 5.2

[1] Fed. Power Comm.; [2] Ill. Dept. of Mines; [3] Ill. Dept. of Labor; [4] Fed. Res. Bank, 7th Dist.; [5] U. S. Bur. of Labor Statistics; [6] F. W. Dodge Corp.; [7] Fed. Res. Bd.; [8] Ill. Crop Rpts.; [9] Life Ins. Agcy. Manag. Assn.; [10] Ill. Geol. Survey.

[a] October data; comparisons relate to September, 1956, and October, 1955. [b] Seasonally adjusted. n.a. Not available.

UNITED STATES MONTHLY INDEXES

Item	Nov. 1956	Percentage Change from Oct. 1956	Percentage Change from Nov. 1955
	Annual rate in billion $		
Personal income[1]	333.6[a]	+ 0.3	+ 6.1
Manufacturing[1]			
Sales	345.6[a]	+ 1.8	+ 5.5
Inventories	51.3[a, b]	+ 1.0	+12.3
New construction activity[1]			
Private residential	15.6	− 3.9	− 8.6
Private nonresidential	16.2	− 3.4	+ 8.8
Total public	13.9	−15.9	+11.3
Foreign trade[1]			
Merchandise exports	19.9[c]	+ 9.1	+18.6
Merchandise imports	13.4[c]	+12.8	+10.8
Excess of exports	6.4[c]	+ 1.9	+39.1
Consumer credit outstanding[2]			
Total credit	40.6[b]	+ 1.1	+ 9.5
Installment credit	31.0[b]	+ 0.7	+ 9.7
Business loans[3]	30.4[b]	+ 1.6	+16.9
Cash farm income[3]	n.a.	.....	.....
	Indexes (1947-49 =100)		
Industrial production[3]			
Combined index	147[a]	+ 0.7	+ 2.8
Durable manufactures	166[a]	+ 1.2	+ 3.1
Nondurable manufactures	131[a]	+ 0.8	+ 0.8
Minerals	130[a]	+ 0.8	+ 4.0
Manufacturing employment[4]			
Production workers	107	− 0.2	− 1.1
Factory worker earnings[4]			
Average hours worked	102	− 0.2	− 1.5
Average hourly earnings	153	+ 0.5	+ 5.2
Average weekly earnings	155	+ 0.3	+ 3.6
Construction contracts awarded[5]	221	− 1.0	− 6.0
Department store sales[3]	131[a]	+ 7.4	+ 7.4
Consumers' price index[4]	118	+ 0.1	+ 2.4
Wholesale prices[4]			
All commodities	116	+ 0.3	+ 4.2
Farm products	88	− 0.6	+ 4.5
Foods	104	0.0	+ 4.9
Other	124	+ 0.5	+ 4.0
Farm prices[3]			
Received by farmers	86	0.0	+ 3.6
Paid by farmers	116	+ 0.9	+ 3.6
Parity ratio	81[d]	− 1.2	+ 1.3

[1] U. S. Dept. of Commerce; [2] Federal Reserve Board; [3] U. S. Dept. of Agriculture; [4] U. S. Bureau of Labor Statistics; [5] F. W. Dodge Corp.

[a] Seasonally adjusted. [b] As of end of month. [c] Data are for October, 1956; comparisons relate to September, 1956, and October, 1955. [d] Based on official indexes, 1910-14 = 100. n.a. Not available.

UNITED STATES WEEKLY BUSINESS STATISTICS

Item	1956 Dec. 29	1956 Dec. 22	1956 Dec. 15	1956 Dec. 8	1956 Dec. 1	1955 Dec. 31
Production:						
Bituminous coal (daily avg.)..thous. of short tons	1,064	1,863	1,782	1,773	1,823	1,840
Electric power by utilities..mil. of kw-hr.	11,196	12,227	12,220	12,047	12,075	10,751
Motor vehicles (Wards)..number in thous.	112	177	183	192	185	119
Petroleum (daily avg.)..thous. bbl.	7,392	7,376	7,355	7,353	7,133	6,987
Steel..1947-49=100	135	147	146	145	144	134
Freight carloadings..thous. of cars	488	698	717	738	752	575
Department store sales..1947-49=100	112	265	260	227	197	88
Commodity prices, wholesale:						
All commodities..1947-49=100	116.3	116.1	116.2	116.0	115.7	111.3[a]
Other than farm products and foods..1947-49=100	124.7	124.7	124.6	124.5	124.2	119.8[a]
22 commodities..1947-49=100	92.6	92.3	93.2	93.5	93.8	89.9
Finance:						
Business loans..mil. of dol.	31,309	31,266	30,811	30,480	30,407	26,673
Failures, industrial and commercial..number	174	214	249	270	254	174

Source: *Survey of Current Business, Weekly Supplements.*

[a] Monthly index for December, 1955.

RECENT ECONOMIC CHANGES

Corporate Liquidity Reduced

Corporations were drawing heavily on their liquid assets to finance inventory and capital goods investment during 1956. At the end of the third quarter cash and government security holdings totaled $49.2 billion, down from $52.8 billion on September 30 of 1955 and $56.6 billion at the beginning of 1956. At the same time, current liabilities rose to $106.2 billion from $98.7 billion the year before and $105.2 billion at the beginning of the year. As a result, the ratio of cash and government security holdings to current assets was down to 47 percent, a level comparable with that prevailing in the immediate prewar period. Throughout 1955 the liquidity ratio was close to 55 percent.

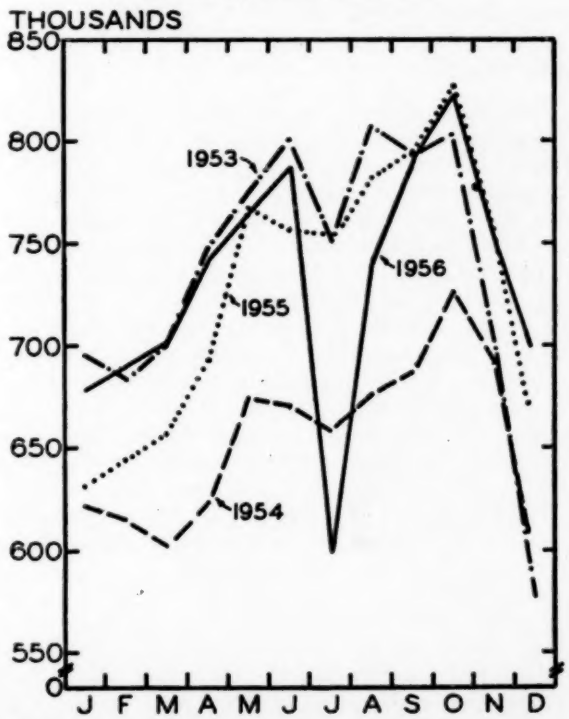
During the third quarter, total working capital increased by about $800 million. Current assets rose by $5.5 billion, mainly on the strength of increased receivables and inventories, and liabilities were up by $4.6 billion as Federal income tax liabilities and accounts payable increased seasonally.

In addition to the $800 million rise in net working capital, corporations invested $7.7 billion in new plant and equipment during the quarter. Seventy percent of total investment was financed internally from retained earnings and depreciation reserves. The bulk of the remainder was financed through long-term borrowing.

Freight Carloadings Maintained

Freight carloadings in December averaged about 660,000 cars per week, down seasonally from November but equal to the December total of last year. As shown by the accompanying chart, loadings ran above 1955 throughout the first half of the year, but dropped sharply in July because of the steel strike. The recovery in August and September to the 1955 volume in the fourth quarter enabled carloadings in 1956 to about equal 1955, though they were below 1953's volume.

FREIGHT CARLOADINGS



Source: Association of American Railroads.

Coal carloadings in 1956 were up 9 percent over 1955, livestock loadings were up 1 percent, and lumber loadings 2 percent. These gains were offset by cutbacks of 4 percent in ore shipments — due to the midsummer steel strike — and 5 percent in shipments of merchandise in less-than-carload lots.

Machine Tool Orders Off

New orders for machine tools continued downward in the fourth quarter of 1956. Preliminary estimates by the National Machine Tool Builders Association indicate that new orders in the fourth quarter were 16 percent below the third. Shipments, on the other hand, continued to rise, increasing 20 percent from the third quarter.

In 1955 a rush of new business, particularly in the late months of the year, pushed net new orders to $927 million compared with shipments of $670 million. New orders in 1956 about matched the 1955 volume. Orders greatly exceeded shipments in the first half, but by midyear had dropped back to the level of the latter and toward the close of the year fell below, as shipments continued upward and orders downward. The continued rise in shipments during 1956 carried the total for the year to $885 million, 30 percent above 1955.

At year-end the industry had a backlog of unfilled orders amounting to somewhat less than seven months' work. This compares with 8½ months' work in the first quarter of 1956, the high for the year.

Price Advance

Average consumer prices held approximately stable between October and November. The important food component of the consumer price index dropped slightly during the month to offset further advances in prices of apparel, housing, and services. However, at 117.8 percent of the 1947-49 base, consumer prices in November were 2.5 percent above the first quarter of the year.

Between the end of 1953 and early 1956 prices held within a narrow range just below 115 percent, as moderately falling food prices offset rising prices of other items. The advance that took place in 1956, mainly in the second quarter of the year, was due primarily to recovery in food prices. In recent months food prices have declined slightly, and with the exception of a sharp rise in the transportation index in October when new model automobiles were introduced, other consumer prices have also been relatively stable.

Wholesale prices continued to increase into December, rising three-tenths of a point from November to a level 4.5 percent above December, 1955. During the first half of 1956 all major groups of the index — industrial commodities, processed foods, and farm products — moved up together. The advance in farm product prices during the first half represented the strongest gain in this index experienced since 1950. Since midyear, farm product prices have again been declining and the rate of increase in processed foods has slowed; however, further advances in industrial prices have continued to pull the over-all wholesale price index upward at about the same rate evident since mid-1955.

THE SUEZ CRISIS

GEORGE KLEINER, Associate Professor of Economics

The Suez crisis has served to focus attention, again, on the economies of some of the Western European countries, particularly the United Kingdom. Coming, as it has, after several years of continuing prosperity and increasing production, it has shocked the world into a realization that these countries are still very vulnerable to any economic or political upset.

The widespread prediction of dire economic consequences for Great Britain seems all out of proportion to the military costs involved. The movement out of sterling has reduced Sterling Area gold and dollar reserves to less than $2 billion, the lowest level since 1952 and dangerously close to the $1.5 billion figure that is widely considered the rock bottom for any degree of safety. France's international economic position, already taxed by an unprecedented level of domestic economic activity and consequent demand for imports, is in danger of deteriorating sharply, with a loss of some of the gains in output made over the past few years. In most other Western European countries, difficulties in varying degrees are anticipated.

The Oil Cutoff

The primary cause of these difficulties is the reduction of oil deliveries from the Middle East, owing to the closing of the Suez Canal and the sabotaging of pipelines in Syria. Western Europe has become increasingly dependent on oil as a source of energy. In 1955 this dependence varied from 9 percent in Germany and 14 percent in the United Kingdom to 20 percent in France and as much as 44 percent in Sweden. These figures, of course, include private motoring, which can be, and has been, cut down by rationing and other devices. But they also conceal a wide variation as between industries: in the United Kingdom, where the average industrial dependence on oil runs about 10 percent, oil accounted for about a quarter of the fuel used in steelmaking in 1955 and about 45 percent in the case of transport other than private motoring.

Oil from the Middle East constituted about 85 percent of Western Europe's net imports in the first six months of 1956. Two reasons for this dependence on the Middle East are, first, the higher cost of Caribbean and United States oil, which would more than make up for the shorter sea journey, and second, the exchange problem. Whereas United States and Caribbean oil would require payment in dollars, Middle East oil is paid for primarily in sterling, even in the case of American-controlled output.

The journey from the Persian Gulf to Europe around the Cape of Good Hope is nearly double the distance via Suez. It is estimated that the whole tanker fleet that formerly took oil from the Middle East to Europe could bring not much more than 50 percent of that oil around the Cape. Aside from the increased cost involved (the currently used tankers are too small to be economical in the longer haul), any diversion of tankers to draw larger supplies from the Western Hemisphere would reduce the quantity of oil that could be shipped from the Persian Gulf. To cope with the extra mileage round the Cape would require an addition to the ships hauling Middle East oil of something like 14 percent of the world's tanker fleets; but apart from tonnage in the United States "mothball" fleet, some of which is being released, the world's tanker fleets are fully extended.

Some cut in oil supplies to Western Europe is thus inevitable. This cut in imports will mean some saving in foreign expenditure. But as against this, there will be some substitution of more expensive dollar oil for Middle East oil. Moreover, though exports from the United Kingdom and other Western European countries had been running remarkably well in 1956, dollars are still in short supply, so that additional expenditure of dollars is by no means offset by an equivalent saving in other currencies.

The shortage of oil may also have serious effects on domestic production and exports. In the United Kingdom, the cut of 10 percent in supplies by the oil companies made early in November would have restricted fuel supplies in industry by only about 1 percent, but the actual effect in terms of output will vary considerably from industry to industry, depending on stocks on hand, dependence on oil, and the ability to convert to coal (also very short and, marginally, a dollar import). In France, where dependence on oil is greater and initial stocks probably smaller, it has been estimated that the cut in oil, after allowing for some substitution from the Western Hemisphere, amounts to 25 percent of consumption, which would mean a cut in production possibilities of 5 or 6 percent. The reduction of private motoring could be written off as an expendable diminution in welfare that will not influence future economic growth to any extent. Also, to the extent that private motoring can be cut back, industrial supplies can be maintained. But automobile output has been badly hit because of the reduction in demand, and even if resources can be shifted to other industries, some loss of output and employment is almost inevitable in the short run. The more rapidly the Canal is reopened, of course, the smaller will be the dislocations in general; but some bottlenecks are likely to appear fairly soon throughout the economies of most of the countries, with attendant loss of production and the ability to export.

Other Strains

The closing of the Canal has reduced the flow of other imported supplies as well as of oil. In the United Kingdom stocks of imported supplies are reportedly very high, but for several other European countries this is not the case. For a short period, it is possible that the cut in imports due to the Suez blocking and the shortage of shipping facilities for longer hauls may even improve the foreign trade accounts; but this would be small consolation in view of the curtailment of production, and hence of exports, that such a decline in imports would entail.

Moreover, a protracted dislocation of trade and shipping might lead to the capture of foreign markets by competing countries, particularly Japan and the United States. Competition for export markets has become considerably keener in the past few years, compared with the immediate postwar period; and there is always the danger that a "temporary" disruption of accustomed trade channels will turn out to be far from temporary.

In addition to all these output effects, there are likely to be price effects that on balance will add to foreign exchange difficulties. All the main shipping lines operating regularly between Europe and East Africa, India, and the Far East have imposed a 15 percent surcharge on freight rates (whether cargoes are carried around the Cape or

through the Panama Canal), to allow for the extra costs incurred in longer transits. Some of this "extra" will find its way back as shipping earnings for some countries, but in the aggregate, it is a waste of resources and will involve a loss of real income for Western Europe.

Delays in shipping may also lead to an increase in the prices of a number of commodities. (Some have already gone up.) An increase in import prices relative to export prices would necessitate a larger volume of exports to pay for the same volume of imports. Under conditions of full employment, this would reduce the real income of Western Europe, since resources would have to be transferred from production for the domestic market to the export industries, without a compensating increase in the volume of imports; or, if exports could not be increased, the volume of imports would have to decline or foreign exchange reserves be reduced.

On the other hand, if import prices rise, there may be demands for increased wages. Bottlenecks of all sorts can also lead to price increases and to a further wage-price spiral. Such inflationary pressures generally tend to weaken reserves still further, both by increasing the demand for imports and by decreasing the ability to export. Over-all inflationary increases in prices can be harmful to exports in two ways: first, by increasing domestic demand for the resources needed in the export industries, and second, by making it more difficult to market exports in the face of competition from other countries that have been more successful in checking price advances.

The Loss of Reserves

Finally, one of the most impo.tant strains is the pressure on sterling, hence on dollar reserves, because of speculation and capital flight. Sterling is an international currency. Perhaps half of the free world's trade is conducted in terms of sterling, and balances in sterling are consequently widely held. Sterling Area gold and dollar reserves are low, and sharp declines in these reserves have recurred with painful regularity in the postwar years. Any strong economic or political shock tends to promote widespread fear of either devaluation or a tightening of controls. Although the conversion of sterling into dollars is, strictly speaking, controlled, considerable movement into dollars is nevertheless possible. Within the last several years, moreover, such movement has been made easier as a result of relaxation of controls.

Thus far the British have been remarkably successful in dealing with this assault on sterling, which began with the seizure of the Suez Canal by Egypt in July. This stabilization operation, however, has already cost them a considerable amount in dollar reserves, since essentially it consists in buying sterling with dollars whenever the former shows marked signs of weakness, in the hope that speculators will be forced to cover and further movement will be averted. (The credits from the International Monetary Fund and the United States Export-Import Bank were also largely designed to reduce speculation by a show of strength.) The longer it takes for production and trade to return to normal, the greater is the chance that such speculation against sterling will persist; hence the greater the loss of dollar reserves.

Most of these strains apply to the other Western European countries as well as to the United Kingdom, though in varying degree. Moreover, they tend to reinforce each other, to increase, as it were, in geometric proportion. On the other hand, the sooner the Suez Canal is reopened to shipping and the sabotaged pipelines repaired, the less likely that any serious strains will materialize. In that event, the cost of the Suez crisis would in fact turn out to be very small.

The crisis may even turn out to have some salutary effects, by compelling a re-examination of the longer-run problems. One of these is obviously the dependence of Western Europe on the Middle East, both in terms of oil and shipping through the Canal. The shipping problem was bound to come up fairly soon, given the rise of nationalism in the Middle East and the expiration of the treaty governing the Canal. Since it is as economical, in terms of transport per ton of oil, to ship in a tanker of 65,000 tons dead-weight around the Cape as it is to employ a tanker of even 45,000 tons dead-weight via the Canal, the solution seems to lie in the building of larger tankers.

The fuel problem cannot be solved so easily. Western Europe's dependence on oil is not only high at present, but it is growing very rapidly, while the production of coal has encountered increasing difficulty. The obvious long-term solution lies in the use of atomic energy, and some important results in this may be expected by, say, 1975. But here, as in the case of shipping, the ultimate gain can only be achieved through the absorption of current resources in investment, so that the intermediate-term problem is accentuated rather than relieved.

The Need for High Investment

Shipping and atomic energy are only two specific instances in the general need for the maintenance of a high level of investment. The advantage of a high level of investment lies in the increase in output made possible. It has been estimated, for example, that the new investment initiated in 1955 and 1956 in the United Kingdom, and currently coming into use, should make for an increase in output by the end of 1957 of about 8 percent. Germany, the Netherlands, France, and other countries as well have experienced even more spectacular annual increases over the past few years. These provide the best sort of insurance against economic and political shocks.

The difficulty with maximizing investment lies in the alternative pulls for resources: for exports, for defense, and for consumption. To minimize the danger of balance of payments crises arising in the future, foreign exchange reserves should be built up. This means that exports must rise relative to imports. Aside from the fact that it is obviously impossible for all countries to succeed in this objective at the same time, a high level of investment militates against the building up of foreign exchange reserves, both by increasing the demand for imports and by decreasing the availability of resources for the export industries. Even this can be handled without undue inflationary pressures if defense expenditures are kept to a minimum or consumption expenditure is kept in check. Obviously this is a difficult choice to make.

Germany is frequently cited as the prime example of a country that has solved the problem of maintaining a high level of investment while at the same time building up its foreign exchange reserves. This thesis needs to be examined more carefully. First of all, the increases in aggregate investment and output since 1950 are not as spectacular as they seem, since output before 1950 was extremely low and some of the addition, rather than breaking new ground, has really been rebuilding, always an easier task. Secondly, there was a considerable amount of unemployment in 1949-50, which was swelled by an

influx of refugees. The increase in investment and output per employed person has not been so large as the increase in the aggregates might suggest. Finally, Germany has achieved its high investment levels and its balance of payments surpluses in part at the expense of lagging real living standards, with money wage rates failing to keep pace with output per man-hour (at least until 1955), in part because of the relatively low level of defense expenditures. Full employment, increases in wage rates, and the siphoning-off of manpower for defense will undoubtedly limit the rate of increase in the next few years.

It is difficult to reconcile these alternative pulls for resources. There is even the danger that measures designed to decrease the domestic demand for resources, in order to maximize exports, will reduce the incentive to invest. In the United Kingdom, in 1956, restrictions on consumer purchases of durables and the general tight money policy may have overshot the mark somewhat. Even in Germany, since the summer of 1956, there have been signs that the incentive to invest has been weakening: the slowing-down of industrial production was sufficiently pronounced to induce a decrease in the central bank's discount rate in the hope that easier money would continue the upward trend.

In the past four years or so, most of the Western European countries were able to maintain the delicate balance needed to avoid serious inflation, on the one hand, or deflation and unemployment, on the other. Several of them, however, were unable at the same time to accumulate a significant increase in reserves. Any unanticipated drain on reserves, such as the Suez crisis, leaves them in a precarious position. Particularly is this true for the United Kingdom, because of her international financial position.

To build up reserves, however, would require cuts in one or more of the alternative pulls on resources. There is already evidence that Great Britain is planning to scale down her expenditures for defense. But a cut in consumption is difficult to achieve in a democratic economy and would not even be desirable if the inducement to invest is at all weak; and a cut in investment would reduce the rate of future growth of output. Perhaps the best long-run solution to this dilemma is to aim for the maximum investment consistent with relatively stable prices; and to aim for an increase in reserves ultimately through increased output and exports, without trying to safeguard them in the interim through reduced investment expenditure.

Assuming Prosperity for Consumers

(Continued from page 2)

business, concerns squeezed by rising costs face the dilemma that an adverse market reaction or a loss of market share to competitors might result from pushing prices up further. This is the dilemma that typically emerges in the late stages of a boom.

The wave of price increases did make a contribution to the upsurge, by inducing inventory accumulation. But if prices are not going up further, there is no longer the same inducement to buy and hold. Any shift in policy toward liquidation will turn prices down with the reduction in output and incomes that such a policy implies.

Most of the autonomy in the price picture derives from the relation between the price level and the money supply. The money supply, however, has been a relatively stable element during the recent advance. The tight money policy has helped to restrain monetary expansion, forcing a larger volume of business to be carried by increasing velocity. This also usually happens at the end of a boom. Any autonomous influence of the money supply in the current situation is therefore on the unfavorable side. There is nothing in monetary conditions, current business policy, or recent "trends" to guarantee the continuation of advances in the price level. The only real hope for such a development lies in the possibility of a higher volume of over-all demand.

Saving Or Borrowing?

There is one other chance of getting higher consumer expenditures, that is, through a reduction in savings. Considering this possibility from the standpoint of savings as such, this argument appears to have little merit. At the recent rate of $21 billion, savings are not unduly high when judged on the basis of past relationships. On the contrary, they are still about $1 billion below what might have been expected in 1956.

What is more commonly argued is that there will be another upsurge of borrowing to finance purchases. In the third quarter of 1956, the use of credit to finance consumption was at a rate of less than $2 billion, only a fraction of what it had been a year before. This, apparently, leaves considerable room for recovery. What it ignores is the fact that consumer credit exhibits cyclical patterns of behavior. The liquidating phase of the credit cycle has thus far been averted, but it is more likely to put in an appearance soon than that a substantial rebound toward the earlier highs will occur.

Consumer credit is, of course, based primarily on sales of durable goods. Total consumer purchases of durable goods declined steadily from the peak of $37 billion in the third quarter of 1955 to $33 billion in the third quarter of 1956. This decline should have been enough to bring the expansion in credit to a halt. Among the reasons why it did not are the following: First, the easing of terms that began in 1954 and progressed through the summer of 1955 has not yet completely worked itself out in repayments. Repayments have been growing steadily, but have not completely caught up with new credit extensions. The latter have moved irregularly in a range just under the late 1955 highs. Second, the proportion of sales on credit has been unusually high in 1956, perhaps an all-time record. This partly reflects the fact that the cash buyers have been out of the market, but it also indicates that credit resources were being rather fully utilized.

Practically all of the decline in durable goods sales and in credit extensions has been in autos. Other durables remained high through most of 1956. The hope of the optimists is that auto sales will rebound toward the 1955 high. Last month, the optimistic forecasts of auto sales were challenged. What happened to autos in 1956 was not an adjustment in the sense that the auto cycle had passed through its liquidating phase; the decline merely eliminated the excesses of 1955. If real consumer income holds steady in 1957, downward tendencies will be experienced, not only in autos, but in other durable goods as well. If income should decline, the slide will accelerate.

Savings may indeed decline in 1957. This is most likely to happen under conditions where the decline in income is even greater. Increased international tension might have the same effect, but aside from this possibility, there is no logical basis for assuming that the consumer sector will push the economy forward in 1957.

VLB

BUSINESS BRIEFS

PUBLICATIONS AND DEVELOPMENTS OF BUSINESS INTEREST

America on Wheels

Of the 50 million families in the United States in 1956, 73 percent owned automobiles, and 11 percent owned more than one. According to the Automobile Manufacturers Association, these 36 million car-owning families represent a gain of nearly three-fifths since 1948 in the number of families possessing cars, whereas the total number of families has increased less than one-fifth.

Accompanying the rise in demand for passenger cars was a shift in body-type popularity. In 1940, two- and four-door sedan sales accounted for about 96 percent of total factory sales, but in 1955 sales of these two body types represented only 60 percent of the market. Of growing importance were hard tops and station wagons, accounting for 27 and 10 percent respectively of factory sales in 1955. Sales of convertibles remained nearly constant at 3 percent of the total over the 15-year period.

Imported cars have been seen in increasing numbers. In 1940 imported cars on the road totaled 555; in 1955 the total was 58,238. A striking change in the new-to-used car ratio accompanied this increase; new automobiles represented 46 percent of the total in 1940 compared with 98 percent in 1955. Of these 57,115 new cars, 60 percent were imported from West Germany and 36 percent from the United Kingdom.

Family Food Expenditures

An average food expenditure of $27 a week for housekeeping families in the United States in the spring of 1955 has been reported by the United States Department of Agriculture. About $22 was spent for home food consumption and the remaining $5 for meals and between-meal food away from home.

Rural-urban differences were apparent in both per family (see chart) and per capita comparisons. As shown by the following table, average family size increased and per capita food expenditures decreased with decreasing urbanization.

	United States	*Urban*	*Non-farm*	*Rural non-farm*	*Rural farm*
Average family size.....	3.43	3.26	3.35	3.56	4.01
Average total cost per member.....	$7.89	$9.20	$8.44	$6.82	$4.28
Average home cost per member.....	6.50	7.43	6.92	5.83	3.75
Average away-from-home cost per member	1.39	1.77	1.52	0.99	0.53

Regional differences in total food expenditures per family were small with the exception of the South. Average food costs were as follows: Northeast, $31; North Central, $28; West, $30; and South, $22. Differences per person were relatively greater since southern families were larger.

An income comparison of food expenditures by families with two or more members showed $33 spent per week by families having $5,000-$6,000 after-tax income and $15 by families whose income was less than $2,000. Since average family size was larger in the higher income bracket, cost per person was not quite twice as large as that of the low-income families. A greater contrast was evident in at-home and away-from-home consumption. For food consumed away from home, high-income families spent, per capita, three times as much as low-income families but only 1.8 times as much for home-consumed food.

Small Business Administration

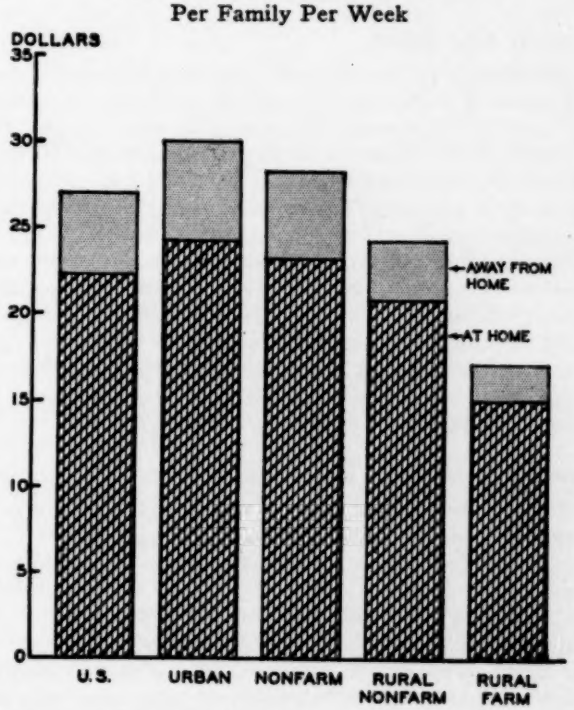
Offering three major services to small firms, the Small Business Administration is the first peacetime independent Federal agency created solely to advise, assist, and protect small business enterprises. Contract assistance, management and technical aid, and financial assistance are the three areas of service.

The Small Business Administration has defined a small business firm as "one which is independently owned and operated and which is not dominant in its field of operation." It has as its prime objective the encouragement of maximum assistance to small business concerns by agencies in their own communities. A pamphlet describing the creation, organization, and functions of the agency, *Small Business Administration — What It Is, What It Does,* is available free on request from the Small Business Administration, Washington 25, D. C.

Banish Winter Worries

Ice slips and spills may be avoided by using Ice Rem-CF, which contains neither calcium nor chlorides. This ice-melting, noncorrosive material is said to be nearly 100 percent chemically active, yet does not produce a heat effect as part of its melting process. The manufacturer, Speco, Inc., 7308 Associate Avenue, Cleveland 9, points out that this characteristic is desirable in ice-melting agents that are applied on cement, concrete, and asphalt.

FOOD EXPENDITURES, 1955
Per Family Per Week



Source: U. S. Department of Agriculture, *Food Expenditures of Households in the United States.*

LOCAL ILLINOIS DEVELOPMENTS

In general, Illinois business in November did not keep pace with the preceding month. With the exception of life insurance and department store sales, indicators declined slightly.

On the other hand, comparisons with November, 1955, showed increased activity in all areas other than manufacturing employment, which decreased slightly. Gains of at least 10 percent were recorded for Chicago department store sales and bank debits. Chicago business loans increased more than one-fifth and life insurance sales more than one-third.

Manufactured Dairy Products

Significant changes were evident in the amount of Illinois dairy products turned out by processors in 1955 as compared with 1951. The United States Department of Agriculture reported a 20 percent gain in cheese output and a 30 percent increase in cottage cheese production over the five-year period. In 1955 nearly 88 million pounds of dry cheese and 61 million pounds of cottage cheese were produced in the State. The 16 million pounds of nonfat dry milk solids for human food produced in 1955 reflected a gain of 120 percent.

Large production decreases took place in condensed milk and condensed or evaporated buttermilk. The former declined 34 percent to 33 million pounds and the latter 25 percent to 34 million pounds. Butter, which amounted to 50 million pounds in 1955, and evaporated milk, 146 million pounds, showed declines of about 8 percent.

In the frozen dairy product line, both ice milk and sherbet production reached record high levels with increases of at least two-thirds. However, these two products account for only a little more than one-fifth of total frozen dairy products manufactured. Ice cream, the principal frozen product, declined about 5 percent to 31 million gallons.

Hybrids Out Front

Superiority of hybrid grain sorghums has been shown in tests of 37 varieties of standard and hybrid sorghums conducted in Champaign, Macoupin, Mason, Morgan, and Fayette counties. Carl N. Hittle, a University of Illinois agronomist, reported the average sorghum test yield to be 102 bushels per acre, but hybrids averaged 110 bushels whereas standard varieties made only 92 bushels.

Damage due to corn borers varied among the different types of sorghum. However, corn showed the greatest damage effects of all, and Hittle reported that sorghum would be preferable to corn in situations where a shortage of moisture existed or a short-season crop was desired. In the event of a corn allotment plan, sorghum could be grown on land taken out of corn production.

Unused or Misused Resources

Making the most of timber resources in the southern 16 counties of Illinois is a primary concern of the Carbondale United States Forest Research Center. These counties now contain more than 1,000,000 acres of timber and about 750,000 additional acres would probably be better suited for forestation than for other uses, according to the 1956 annual report of the Research Center. Under a proper timber management program, both unforested and forested land can often be utilized more fully. New forest areas can be gained from relatively poor land, neglected in order to give attention to acres yielding higher returns, and from unprofitable farm land. Although large returns may not be obtained quickly from forested acres, a steadily increasing income at a low rate of labor input is possible with good management.

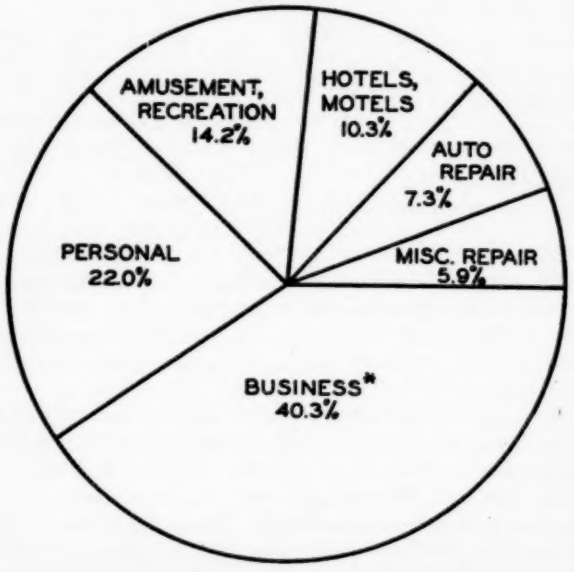
Southern Illinois forests present an economic problem, for many of the trees are of low quality and consequently of little cash value. Culling these trees, harvesting them as saw timber, and permitting the better quality trees to develop more rapidly is one method of handling this problem. However, the Research Center is seeking another answer. David E. Herrick, research forester, states that it has been established that lumber can be upgraded through the use of paper overlays which mask objectionable defects, reduce warping and splitting, and form a substitute surface receptive to paint. Tests are now under way to determine whether the use of paper overlays on low-quality hardwoods is a paying proposition.

Selected Services

Total 1954 receipts for selected services in Illinois amounted to nearly $2 billion, according to the recently released *1954 Census of Business.* Illinois receipts were 8.5 percent of the national total, exceeded only by New York and California.

Of the six major kind-of-business classifications, business services accounted for two-fifths of total receipts (see chart). Advertising (which received two-thirds of all business services returns), duplicating, and photofinishing were major types of establishments enumerated. Personal services — including laundries, cleaning plants, and beauty shops — collected slightly more than one-fifth of total receipts. Returns from amusement and recreation services were dominated by motion picture theater receipts. Hotel receipts accounted for over 90 percent of total income for the overnight lodgings group. Automobile and miscellaneous repair received the remainder of total returns.

RECEIPTS FROM SELECTED SERVICES
Illinois, 1954



* Excluding accounting, auditing, and bookkeeping.
Source: U. S. Department of Commerce, *1954 Census of Business.*

COMPARATIVE ECONOMIC DATA FOR SELECTED ILLINOIS CITIES

November, 1956

	Building Permits[1] (000)	Electric Power Consumption[2] (000 kwh)	Estimated Retail Sales[3] (000)	Department Store Sales[4]	Bank Debits[4] (000,000)	Postal Receipts[5] (000)
ILLINOIS	$28,886[a]	1,109,243[a]	$546,275[a]		$15,353[a]	$14,871[a]
Percentage change from Oct., 1956	−3.1	+4.4	+0.1	+17	−1.7	−0.3
Percentage change from Nov., 1955	+3.2	+7.9	+5.2	+11	+10.6	
NORTHERN ILLINOIS						
Chicago	$20,853	849,093	$396,398		$14,004	$13,088
Percentage change from Oct., 1956	+15.3	+5.4	+0.8	+16	−1.1	+1.2
Percentage change from Nov., 1955	−2.4	+9.1	+5.2	+10	+10.9	
Aurora	$ 585	n.a.	$ 8,233		$ 66	$ 127
Percentage change from Oct., 1956	+39.0		+3.3	+14	+0.2	+4.6
Percentage change from Nov., 1955	+263.4		+8.0	+15	+12.8	
Elgin	$ 420	n.a.	$ 6,138		$ 42	$ 122
Percentage change from Oct., 1956	−15.0		−3.9	+29	+2.9	+18.2
Percentage change from Nov., 1955	−28.8		+4.5	+8	+20.4	
Joliet	$ 931	n.a.	$11,839		$ 85	$ 96
Percentage change from Oct., 1956	+141.8		+1.1	+16	+5.6	+8.8
Percentage change from Nov., 1955	+250.0		+3.0	+13	+14.6	
Kankakee	$ 223	n.a.	$ 4,798		n.a.	$ 44
Percentage change from Oct., 1956	−45.6		−4.8	n.a.		+1.5
Percentage change from Nov., 1955	−27.8		−2.1			
Rock Island-Moline	$ 873	19,999	$ 9,741		$ 100[b]	$ 132
Percentage change from Oct., 1956	−28.7	+21.2	−0.5	n.a.	−1.2	−8.0
Percentage change from Nov., 1955	+74.3	−12.1	+7.6		+10.6	
Rockford	$1,151	42,982	$17,960		$ 179	$ 206
Percentage change from Oct., 1956	−34.9	−2.9	−2.7	n.a.	+0.3	+6.7
Percentage change from Nov., 1955	+14.2	+14.2	+11.1		+10.6	
CENTRAL ILLINOIS						
Bloomington	$ 139	7,691	$ 5,349		$ 58	$ 88
Percentage change from Oct., 1956	−28.4	−2.8	−1.8	n.a.	−10.7	−8.7
Percentage change from Nov., 1955	−23.2	+1.7	+11.9		+7.2	
Champaign-Urbana	$ 361	10,559	$ 7,933		$ 66	$ 100
Percentage change from Oct., 1956	−10.4	+1.2	+12.3	n.a.	−16.1	−7.1
Percentage change from Nov., 1955	+83.2	+6.4	+5.9		+6.9	
Danville	$ 167	11,410	$ 6,369		$ 54	$ 60
Percentage change from Oct., 1956	−52.0	+6.0	−2.7	+13	−10.7	−7.9
Percentage change from Nov., 1955	−28.3	+13.3	+3.0	+14	+7.2	
Decatur	$ 632	32,487	$11,832		$ 120	$ 101
Percentage change from Oct., 1956	−35.7	+1.8	+1.8	+10[c]	−18.2	−7.5
Percentage change from Nov., 1955	−39.8	+0.4	+4.9	+13[c]	+3.2	
Galesburg	$ 149	7,725	$ 4,410		n.a.	$ 34
Percentage change from Oct., 1956	−18.6	−6.1	+3.2	n.a.		−0.8
Percentage change from Nov., 1955	−39.4	−3.8	−4.5			
Peoria	$ 755	52,600[c]	$17,806		$ 225	$ 263
Percentage change from Oct., 1956	−19.9	+2.8	−6.9	+18[c]	−11.1	+7.9
Percentage change from Nov., 1955	−32.7	+4.6	+4.5	+10[c]	+2.9	
Quincy	$ 509	9,340	$ 4,826		$ 42	$ 65
Percentage change from Oct., 1956	−16.8	+3.8	−5.0	+14	−4.3	+16.2
Percentage change from Nov., 1955	+111.2	+9.6	+4.9	+7	+7.6	
Springfield	$ 288	33,522[c]	$13,497		$ 120	$ 216
Percentage change from Oct., 1956	−90.0	+3.3	−5.7	+16	−5.5	−11.0
Percentage change from Nov., 1955	+48.5	+5.4	+3.1	+8	+9.4	
SOUTHERN ILLINOIS						
East St. Louis	n.a.	11,003	$ 9,431		$ 152	$ 51
Percentage change from Oct., 1956		−12.8	−1.7	n.a.	−9.9	−80.4
Percentage change from Nov., 1955		−8.4	−0.6		+11.8	
Alton	$ 65	13,637	$ 4,722		$ 39	$ 30
Percentage change from Oct., 1956	−80.9	−9.6	−10.3	n.a.	−3.0	−2.5
Percentage change from Nov., 1955	−59.1	+9.2	−4.8		−0.6	
Belleville	$ 785	7,194	$ 4,993		n.a.	$ 47
Percentage change from Oct., 1956	+423.3	+5.7	+8.1	n.a.		−0.2
Percentage change from Nov., 1955	+393.7	+12.4	+19.4			

[a] Total for cities listed. [b] Includes East Moline. [c] Includes immediately surrounding territory. n.a. Not available.

Sources: [1] U. S. Bureau of Labor Statistics. Data include Federal construction projects. [2] Local power companies. [3] Data for September, 1956. Comparisons relate to August, 1956, and September, 1955. [4] Research Departments of Federal Reserve Banks in Seventh (Chicago) and Eighth (St. Louis) Districts. Department store sales percentages rounded by original sources. [5] Local post office reports. Four-week accounting period ending November 16, 1956.

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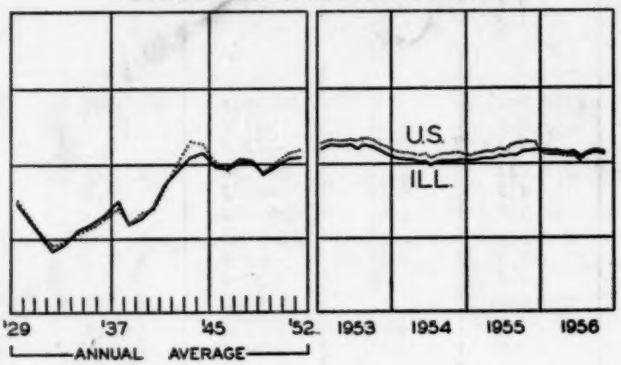
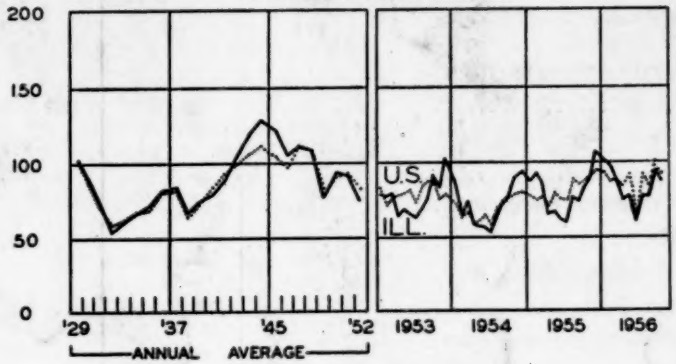
INDEXES OF BUSINESS ACTIVITY

1947-1949 = 100

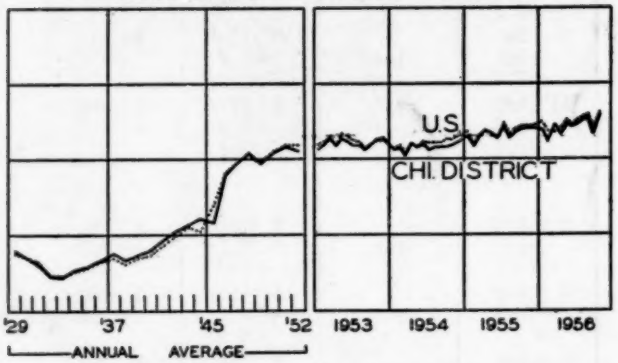
EMPLOYMENT-MANUFACTURING



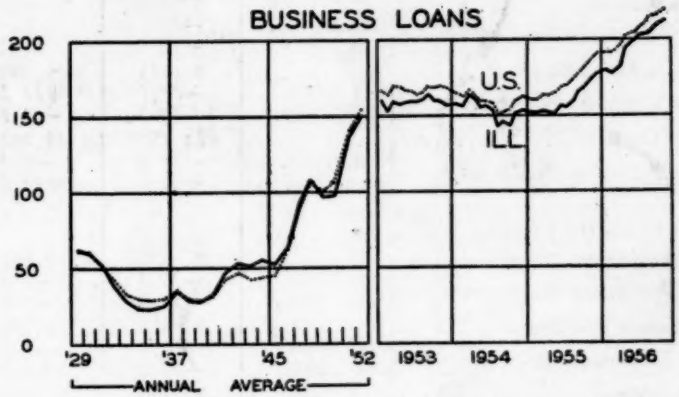
COAL PRODUCTION



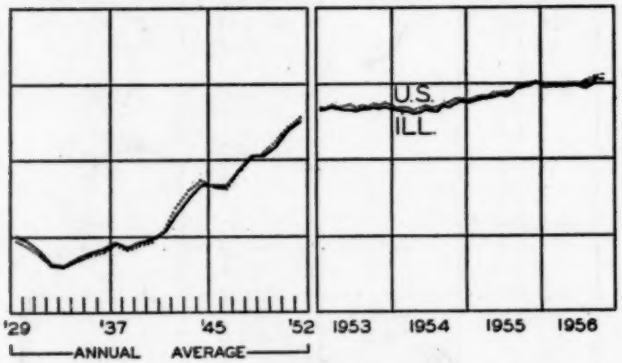
DEPARTMENT STORE SALES



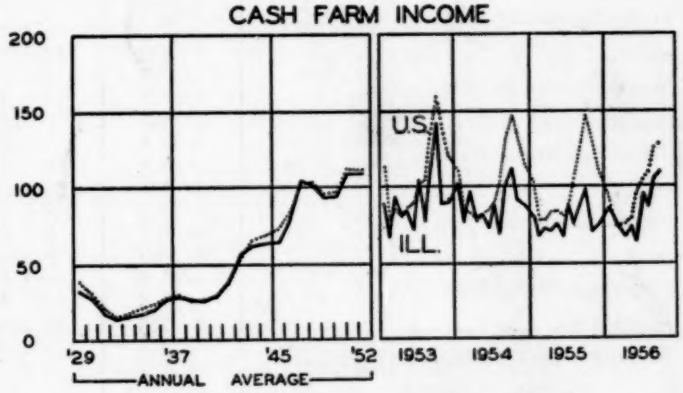
BUSINESS LOANS



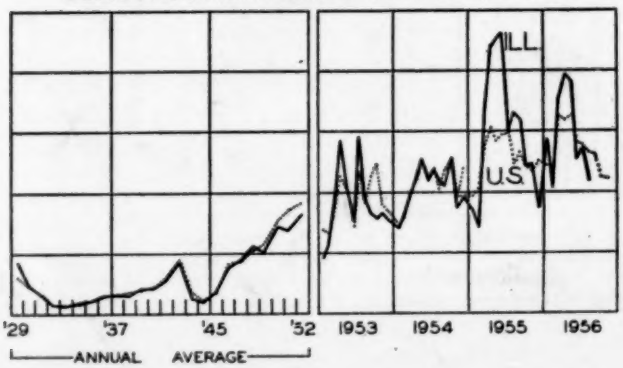
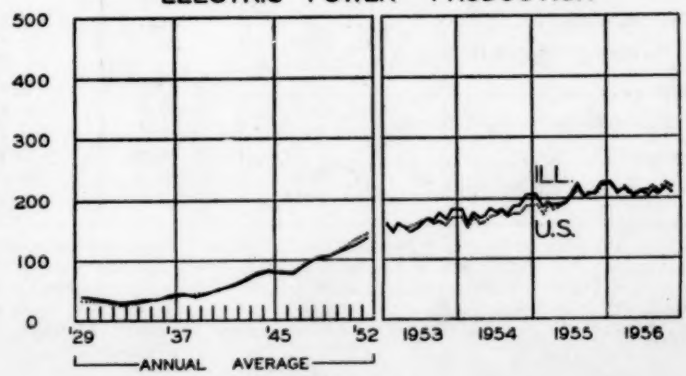
AVG. WKLY. EARNINGS — MANUFACTURING



CASH FARM INCOME



CONSTRUCTION CONTRACTS AWARDED



ELECTRIC POWER PRODUCTION